

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 ICA-11 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 L-03 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 PA-01 /095 W
-----051927 150609Z /10

R 141239Z JUN 78
FM AMEMBASSY DUBLIN
TO SECSTATE WASHDC 0650
INFO AMEMBASSY LONDON

C O N F I D E N T I A L DUBLIN 01855

F.O. 11652: GDS-1
TAGS; ECON, EINV, PINS, UK
SUBJECT; THE ADVANTAGES - AND RISKS - OF INCREASED
U.S. INVESTMENT IN NORTHERN IRELAND

THIS MESSAGE WAS DRAFTED BY CONGEN BELFAST JUNE 13.

1. GENERAL MOTORS CORPORATION ANNOUNCED ON JUNE 12
PLANS FOR A 16 MILLION POUND INVESTMENT IN A PARTS
PLANT IN THE BELFAST AREA WITH EXPECTATIONS OF BEING
IN PRODUCTION BY EARLY 1980. GM WILL TAKE OVER THE
NOW ABANDONED ROLLS ROYCE PLANT AT DUNDONALD, A
BELFAST SUBURB, WHERE IT PLANS TO EMPLOY WORK FORCE
OF 600. THE PLANT WILL PRODUCE SEAT BELTS FOR THE
EUROPEAN MARKET.

2. THIS ANNOUNCEMENT COMES ON TOP OF THE JUNE 6
ANNOUNCEMENT BY GOODYEAR OF A THREE MILLION POUND
INVESTMENT IN A RESEARCH LABORATORY AT THEIR LISBURN
PLANT, AND THE LATE APRIL ANNOUNCEMENT BY AVX CORPORA-
TION OF NEW YORK OF THEIR PLANS TO OPEN A SMALL OPERA-
TION IN THE COLERAINE AREA.

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3. THESE ANNOUNCEMENTS, IN EFFECT, REPRESENT THE ONLY
NEW OVERSEAS INVESTMENT IN NORTHERN IRELAND SO FAR THIS
YEAR. THE GM ANNOUNCEMENT HERALDS THE FIRST REALLY
LARGE FIRM, NO MATTER OF WHAT NATIONALITY, TO INVEST
IN NORTHERN IRELAND IN NINE YEARS.

3. COMMENT: PRESS COVERAGE AND REACTIONS TO THIS

"NEW VOTE OF CONFIDENCE" IN ULSTER HAS BEEN EXTENSIVE AND BORDERED ON THE EUPHORIC. WHILE THE GOODYEAR AND AVX INVESTMENTS HAVE BEEN IN THE PIPELINE FOR MANY MONTHS, THE GM ANNOUNCEMENT CAN BE TRACED DIRECTLY TO NORTHERN IRELAND SECRETARY ROY MASON AND MINISTER OF STATE DON CONCANNON'S VISITS TO THE UNITED STATES IN LATE 1977, PLUS THE NORTHERN IRELAND EXPERTS' ASSIDUOUS FOLLOW UP. THEY WORKED HARD TO TURN GM FROM THE REPUBLIC OF IRELAND. THEIR SUCCESS INDICATES THAT GM LOOKED HARD AT INCENTIVES AND WORK CONDITIONS, AND DECIDED THAT THEY OVERCAME WHAT SECURITY RISKS REMAIN. (WE CAREFULLY ENCOURAGED GM.)

4. THERE IS NO QUESTION THAT THIS IS ENCOURAGING ECONOMIC NEWS FOR THE PROVINCE, BUT THE CONGEN IS LEFT WITH THE NAGGING CONCERN THAT THE PREPONDERANCE OF ALL NEW INVESTMENT BEING AMERICAN AND THE DECLINE IN AMERICAN FINANCIAL SUPPORT FOR THE PARAMILITARY GROUPS IN ULSTER MIGHT INCREASE THE RISK AND EXPOSURE OF THE COMPANIES ALREADY IN THE PROVINCE. THE 31 COMPANIES HERE HAVE NOT EXPERIENCED SIGNIFICANT DISRUPTION OVER THE YEARS OF THE "TROUBLES" IN THE PROVINCE, IN PART BECAUSE OF THEIR LOW PROFILE AND A TENDENCY TO SHUN PUBLICITY. THIS NEW PROMINENCE AND SEEMING EXCLUSIVE-NESS OF AMERICAN INVESTMENT IN THE PROVINCE COULD BE TAKEN AS A CHALLENGE TO THE PROVISIONAL IRA, WHICH
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CONDUCTED AN OVERTLY ECONOMIC WARFARE CAMPAIGN IN THE FIRST SIX MONTHS OF 1977. SHANNON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978DUBLIN01855
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Expiration:
Film Number: D780249-0908
Format: TEL
From: DUBLIN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780662/aaaacbbm.tel
Line Count: 96
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0ca6bc89-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2362942
Secure: OPEN
Status: NATIVE
Subject: ; THE ADVANTAGES - AND RISKS - OF INCREASED U.S. INVESTMENT IN NORTHERN IRELAND THIS MESSAGE WAS DRAFTED BY CONGEN BELFAST JUNE 13
TAGS: ECON, EINV, PINS, UK, US
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/0ca6bc89-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014